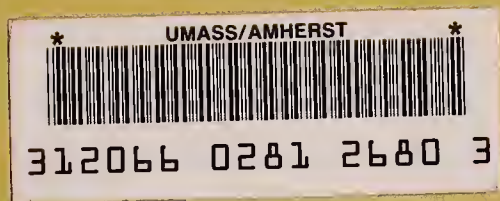


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Starting a Business in Massachusetts

Produced by the Massachusetts Office of Business Development


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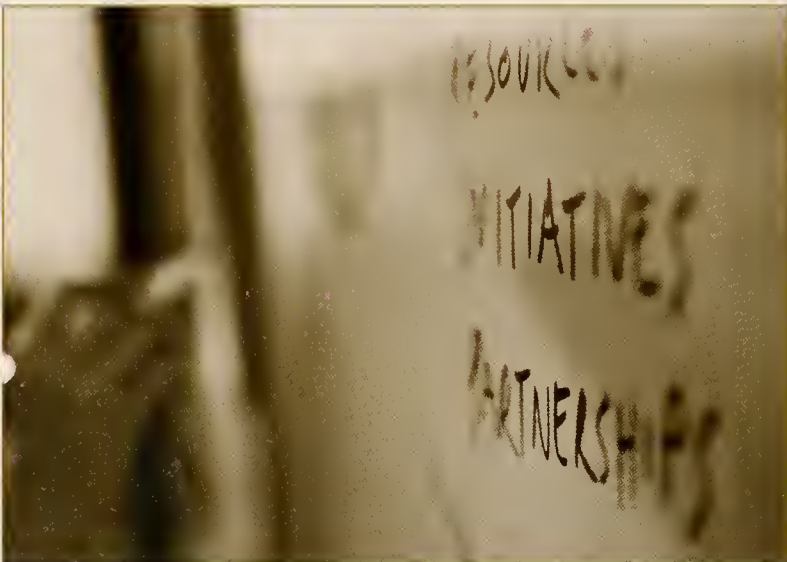
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Introduction



Ever since the 1620s Massachusetts has been fertile soil for new and innovative ventures. The telephone was invented here, as was the first computer and the first microwave oven. From the first mutual fund to the first use of anesthesia to the first subway system, Massachusetts has led the way in innovation and ingenuity.

Massachusetts' rich innovative heritage has been a stimulus for thousands of entrepreneurs who have started some of the nation's greatest corporations right here as small businesses. Converse, Gillette and Polaroid are just a few of the many examples.

While starting a business can be personally and financially rewarding for all of those involved, it will not necessarily be easy or quick. In fact, it may be one of the most challenging projects you have undertaken.

A hasty start can lead to the untimely end of a business. Six months to one year is not an unreasonable estimate of the time it may take to get ready to open your doors for business. A myriad of issues should be addressed during the start-up period to improve your probability of success.

Formulating a solid business plan to capitalize on your ideas is only the beginning. You must consider federal, state, and local registration; incorporation; licenses; financing; taxes...and the list goes on.

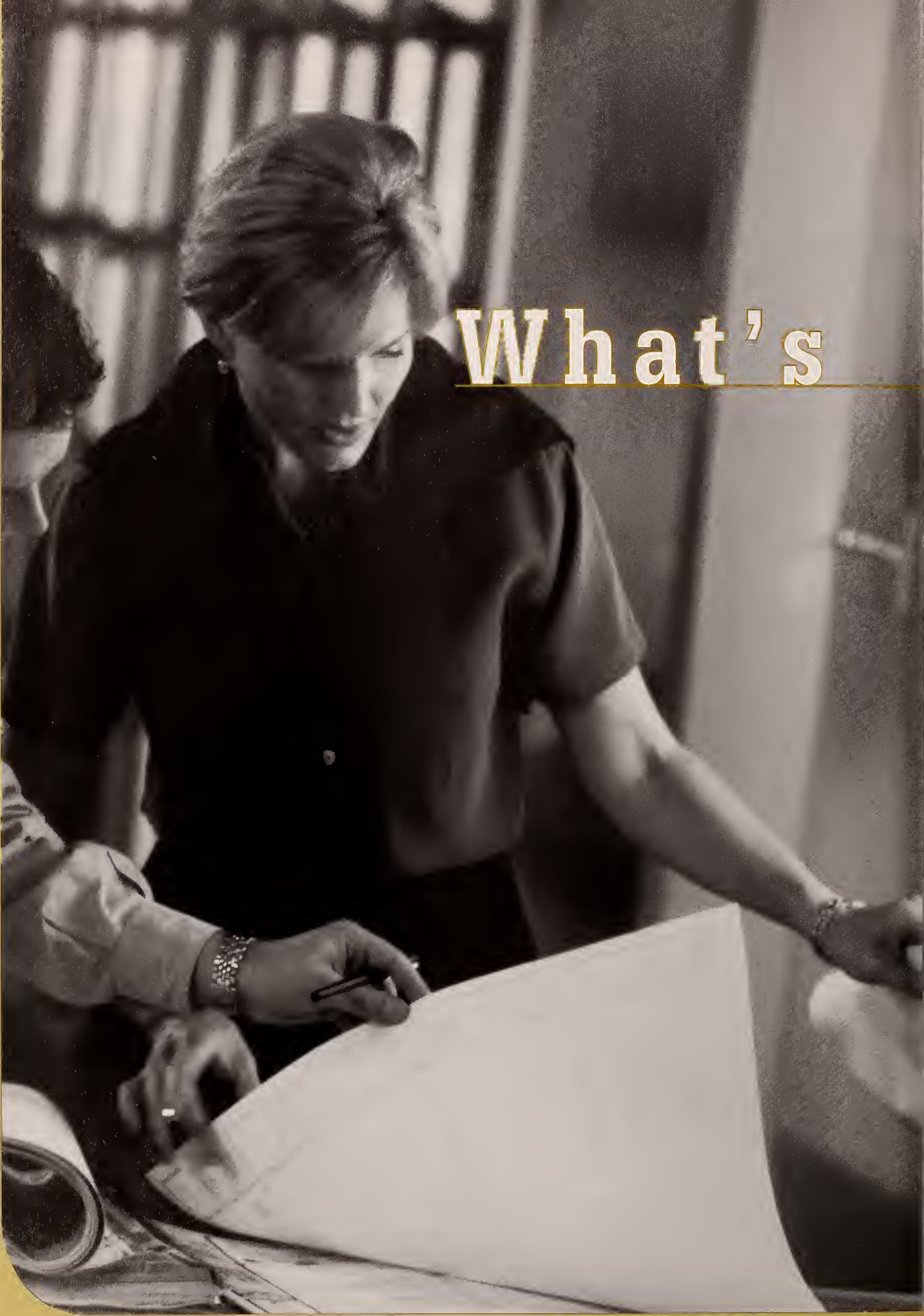
The information in this booklet is designed to help you, the entrepreneur, start thinking and acting in a manner that improves your chances for success. Take a closer look at your business idea, explore other resources beyond this guide, and consult a qualified attorney and accountant before getting started. ●



Getting Started

Starting a business can sometimes seem like an uphill climb. You must plan each step before you take it. Once a business plan is developed, the entrepreneur must consider more than production, marketing, and accounting. You must also consider the legal environment and government regulation of business and the related forms necessary to comply with regulation. The following activities should be considered when starting a new business:

- Consult an attorney regarding the legal requirements of setting up and operating your business.
- Consult an accountant regarding the financial and tax requirements of setting up and operating your business.
- Register the name of the business with the state.
- Make appropriate applications for licenses to operate in desired states.
- Obtain a federal employer identification number (Form SS-4).
- Apply for state workers' compensation and unemployment insurance.
- Determine applicable job safety and health regulations (OSHA).
- Determine applicable environmental regulations.
- Apply for local business licenses. ●



What's

in a Name?

Choosing a baby's name is one of the first and most significant decisions that any new parents must make. The same can be said for the decision facing you, the new "parent" of a brand new business. Your business name is one of your most important business assets and should be chosen carefully. The following information describes three types of business names, outlines the research you should do before choosing a name, and defines filing requirements as well as how to register a service mark or a trademark.

What is the difference between a trade name and a trademark? Before you select your business name you need to understand how the kinds of business names differ. Names fall into three categories:

Trade Names identify a company, e.g., the "Coca Cola Company" or "Computaire Services." Any type of business may call itself a company.

Corporate Names identify corporations, e.g., "Cabot Corporation" or "Marketing Concepts, Inc." The words "Incorporated," "Corporation," or "Limited," or their abbreviations, must appear in a corporate name and may not appear in the name of an unincorporated company.

Trademarks are any word, name, symbol, or device or any combination of these used to identify the goods of a business and distinguish those goods from the products of others. For example, the word "Kleenex" is a trademark. Similarly, there are service marks which may be used to identify and distinguish a business that provides a service rather than goods. For example, the word "Greyhound" is a service mark for transportation services.

BEFORE YOU CHOOSE A NAME

When choosing a name for your business you might want to begin by looking at types of names that are already being used by businesses similar to your own. There are several sources of such information. You can find lists of business names at the Corporations Division of the Secretary of State, your local city or town hall, in the library, in relevant trade journals, and even in the telephone book.

As you are considering possible names you must take care to choose a name that is not already being used by another business. Do everything you can within reason to assure that yours will be the only business of that type using a particular name.

If you decide to incorporate your business, you must contact the Corporations Division. If you have decided on a name for your corporation but are not yet ready to incorporate, you can reserve a name for 30 days. This registration will protect the business name from infringement while you prepare to incorporate and should be done before taking any other steps to do business in the state. A corporate name may not be reserved by a telephone request. The reservation of a name for 30 days becomes effective only upon written request to the Corporations Division and payment of a \$15.00 fee to:

**Secretary of State's Office
Corporations Division
McCormack Building
One Ashburton Place, 17th Floor
Boston, MA 02108
(617) 727-9640
www.state.ma.us/sec/cor**

What's in a Name?

WHAT CAN YOU DO IF ANOTHER CORPORATION IS USING THE NAME YOU WANT TO CHOOSE?

You will be prohibited from using a name if another corporation is already using it or one that is very similar. An exemption may be made if you are able to obtain a letter of consent from the other corporation giving you permission to use a similar name.

What you must do after you have a name for your business is largely determined by the type of business you have set up. Use the following chart as a check list to determine (1) whether you must file organizational forms with the state, and (2) whether you must file a business certificate in your local community. Remember that many businesses are regulated and that you may need to apply for state and/or local permits or licenses before you begin. Since laws, regulations, rulings, and rates continually change, your lawyer and accountant should be contacted.

BUSINESS OBLIGATIONS:

Local Filing. Under the General Laws, Chapter 110, Section 5, a person doing business under a name different than his/her own must file a business certificate, or "dba" (doing business as), at the city or town hall clerk's office where you maintain an office. If the company has more than one location, you must register in the city

or town where the headquarters are located. The fee for this filing varies from town to town but is approximately \$25.00 for four years. The only case in which you do not have to file a "dba" is when you are doing business as a sole proprietor under your own complete name, such as "John Smith Company."

Your filing of a business certificate at the local level does not protect your name as does a corporate filing or a trademark registration. A business certificate primarily allows consumers and/or creditors to identify the names of the actual owners of a business. Therefore, a city or town clerk may even accept more than one certificate with an identical business name in order to provide this public record.

Filing Name and Purpose of Corporation.

There can be as few as one person to establish a corporation. You must state the purpose of the corporation. Taxes and liability considerations should determine business forms. The filing fee is \$200.00, which enables corporations to issue stock. You do not have to file with your city or town hall if you file with the Secretary of State's Office.

For further information contact the Corporations Division of the Secretary of State at (617) 727-9640, or by mail at: One Ashburton Place, 17th floor, Boston, MA 02108.

Required Filings After Your Name Is Chosen

Corporation	Articles of Organization	Secretary of State
Limited Liability Partnership	Certificate of Ltd. Liability Partnership	
Limited Liability Corporation	Certificate of Ltd. Liability Corporation	
General Partnership	dba*	Local City or Town Hall
Sole Proprietorship	dba*	

*dba - business certificate known as "doing business as."

TRADEMARKS AND SERVICE MARKS

Whether you are just starting out in business or have been in business for a number of years, you should consider protecting your right to any trademarks or service marks you may own. The quality and goodwill symbolized by a distinctive mark can be a very valuable commodity to a business and one worthy of protection from infringement. Non-profit organizations also have an interest in protecting their distinctive marks from unwanted infringement.

WHAT IS A TRADEMARK OR A SERVICE MARK?

A trademark is any word, name, symbol, or device, or any combination of these, used by a person (that is, an individual, a firm or partnership, a corporation, or any type of association) to distinguish his or her goods from others. Some examples of well-known trademarks are: Kodak, Coca-Cola, GE, Lifesavers, and the banana lady on a bunch of Chiquita Bananas.

A service mark identifies and distinguishes a person's services and is given the same protection as a trademark. Some examples of well-known service marks are: Rock of Gibraltar - Prudential Insurance Company; Greyhound - Bus Lines; and the Golden Arches of McDonald's.

ARE YOU REQUIRED BY LAW TO REGISTER YOUR MARK?

Under the terms of the trademark law, Chapter 110B, there is no requirement that a trademark or service mark must be registered with the Commonwealth of Massachusetts.

WHY REGISTER A MARK?

Registration of a mark in Massachusetts results in material advantages to the owner of a mark. A central card file is made available for public inspection in the Trademarks Division office. A person who might have otherwise used a mark identical or confusingly similar to a registered mark may discover the prior use of the mark in a preliminary search of these files. This early warning could mean such a person would use a different mark and a possible controversy may be prevented.

There are evidentiary benefits, as well, that accrue to the registrant of a mark. The Certificate of Registration issued by the Division creates certain presumptions of exclusive ownership of the mark by the registrant which are of significant benefit to the registrant in any type of dispute over his mark.

HOW TO REGISTER A MARK

A mark must be in use in Massachusetts before it may be registered. A mark may then be registered by completing the appropriate trademark or service mark registration application form. The fee for filing is \$50.00 and the effective term of the registration is ten years, and the mark may be renewed every ten years.

These application forms as well as further information regarding trademarks or service marks may be obtained by contacting:

**Secretary of State
Trademarks Division
One Ashburton Place, Room 1717
Boston, MA 02108
(617) 727-8329
www.state.ma.us/sec/cor**

For further information on registering your mark with the federal government, contact:

**Commissioner of Patents and Trademarks
U.S. Patent and Trademarks Office
Crystal Plaza 3
2021 South Clark Place, Lobby Level
Arlington, VA 22202
(800) 786-9199**

For information relative to copyrights call Federal Copyright Information at (800) 688-9889 or write to:

**Registrar Copyrights
Library of Congress
Washington, D.C. 20559
(202) 707-5959** ○





To Incorporate or Not?

One of the myths about business is that corporations are big companies. Not true. The same person can be the president, treasurer, and clerk of the corporation. The only requirement in Massachusetts is that the person designated to be the clerk has to be a resident of the Commonwealth. The selection of the type of business is not irrevocable. Partnerships and proprietorships can usually be incorporated without tax incidence. (Regular corporations electing S corporation status or terminating corporate status and returning to partnership or proprietorship status involve substantially more complex planning. Neither of these steps should be undertaken without competent professional advice.) A corporation can elect S corporation status if it meets the eligibility requirements even after it has operated as a regular corporation for many years. Alternatively, an S corporation can terminate its special status at any time and, on a prospective basis, return to a regular corporation for tax purposes. The company will generally be required to wait five years before it can re-elect S corporation status.

SOLE PROPRIETORSHIP, PARTNERSHIP, CORPORATION

The Sole Proprietorship is the simplest form of business. To form a sole proprietorship, you just have to let people know that you are in a business and file a form in the city or town hall where you are going to do business.

To Incorporate or Not?

You personally are responsible for all debts and other legal liabilities of your business. The income from your business is reported to the IRS as part of your personal income and taxed accordingly.

A **Partnership** is formed when two or more people decide to go into business together. It is called a conduit because, though persons have banded together for a profit-producing motive, it is generally not considered a legal entity separate from the partners. Thus, a partnership may not be sued or be sued in its firm name only, and each partner shares a potential joint and separate liability.

In a "general" partnership, each partner is totally liable for whatever happens to the business, and for whatever the other person does. Normally, a general partner has unlimited liability, which includes personally owned assets outside the business assets.

A "limited" partner is liable only for the amount of money he/she invests into the business, but there must be at least one general partner who is liable for the total. Income from a partnership is reported to the IRS as part of each partner's personal income and taxed accordingly.

In creating a **Corporation** you are creating a legal entity. From then on, your business has an identity of its own. It has certain rights. It can sue and be sued. It has to file its own tax returns, etc. The ownership of a corporation is divided into "stocks," which are sometimes called "shares." The owners are called "stockholders." One person can own all of the stocks, in which case there is only one stockholder. A stockholder meeting has to be held at least once a year to decide how to manage the company and what to do about profits or losses. The profits can be reinvested in the business or distributed among the stockholders as "dividends." Control and profit division is proportional to the stocks held. The person who has 51% of the stocks will have 51% of the dividends.

An **S Corporation** is a hybrid corporation that is treated like a partnership for many (but not all) tax purposes. It has virtually all of the features of a corporation, e.g., limited liability. The S corporation is treated like a partnership in that

profits and losses typically are taxed directly to the individual shareholders, and it is their responsibility to report these gains or losses on their individual income tax returns.

S CORPORATION ELECTION

A corporation may elect not to be subject to the taxes imposed on regular corporations. Qualifications of an S corporation must be met as of the first day of the first tax year of the corporation for which the election is to be effective. The election is valid only if all the shareholders in the corporation consent to the election. To qualify, a corporation must satisfy each of the following conditions:

- **Must be a domestic corporation**
- **Must have no more than 75 shareholders**
- **Each shareholder must be either an individual, an estate, or a specified type of trust.**
- **No shareholder may be a corporation or a non-resident alien.**
- **Can have only one class of stock. (However, different voting rights are allowable.)**

If you qualify, you must file Election Form 2553 with the Internal Revenue Service. For further information, contact the nearest IRS office or call (800) 829-1040. If the company qualifies under the IRS requirements, then the Commonwealth of Massachusetts will recognize the company as an S corporation.

Before you enter into any one of these business structures, the Massachusetts Office of Business Development (MOBD) strongly recommends that you seek legal and accounting advice.

A CORPORATION? ISSUES TO CONSIDER

Limited Liability. If your business is a corporation, your liability is only limited to the amount of assets in your business (except in the case of a loan for which you offer your personal guaranty). Therefore, creditors and plaintiffs in lawsuits cannot make claims upon your personal assets.

Ease of Raising Capital and Transferability.

Since owners of a corporation are liable only for the amount they invest, it is much easier to convince other people to invest in the business in exchange for a certain percentage of the profit. If one of the owners wants to pull out, all they have to do is find someone to buy their share of the business. If any one of the owners dies, his/her heirs inherit that share of the business. There is no interruption in the day-to-day operation of the business.

Ease of Separating Ownership from Management

The owners (or stockholders) of a corporation may decide they don't want to run the business themselves. They can hire a professional manager to run it. If they do not like the manager, they can call a board meeting and replace that person. The line between ownership and management can be clear-cut.

Taxes The tax rates differ for corporations and other forms of business. An accountant can recommend how you can set up your business to get the most tax advantages.

Costs It costs \$200.00 to become incorporated. This does not include lawyers' or filing fees. There are additional costs in doing business because you will be subjected to some regulations that cover corporations and not other forms of business.

NOTE: Federal Corporate Income Taxes to Shareholders – If an S Corporation designation is elected and qualifies under the required time to make such an election, the corporation will not pay corporate income taxes on income. The shareholders will pay taxes on corporate profit even though it may not be distributed.

LIMITED LIABILITY COMPANY AND PARTNERSHIP

Since January 1, 1996, two new types of business entities have been available in the Commonwealth: **Limited Liability Companies** and **Limited Liability Partnerships**.

A Limited Liability Company (LLC) is an unincorporated association which combines the advantage of limited liability for participants with the favorable tax treatment of a partnership. The participants, referred to as

members, can participate in management control of the business without increasing their personal exposure beyond their contribution to the business.

Like corporations, LLCs are created by compliance with statute MGL c.156C, including filing a certificate of organization with the Secretary of State. The filing fee is \$500.00. Once created, LLCs function in accordance with the terms of the operating agreement, a document comparable to a partnership agreement. LLCs must also file an annual report with the Secretary of State. This filing fee is also \$500.00.

A limited liability partnership (LLP) is a partnership which, by registering with the Secretary of State, limits the personal liability of a partner for debts, obligations, and liabilities of the partnership, whether in tort contract or otherwise from negligence, wrongful acts, errors or omissions, except that a partner cannot eliminate liability for his own negligence. The filing fee for registration is \$500.00. LLPs must also file an annual report with the Secretary of State (also \$500.00). ○



C r u

n c h i n g t h e Numbers

When you begin your business, you must consider what tax year to use. The term "tax year" means your annual accounting period, calendar year or fiscal year period of no more than 12 months, except in the case of a 52/53 week tax year. The 52/53 week allows taxpayers to close the tax year on the same day of the week every year (e.g., last Saturday in December).

Each business form has its own requirements regarding which accounting period to choose. Corporations, other than personal-service corporations, may choose any year-end. Personal service corporations, partnerships and S corporations are generally limited to a calendar year. Generally, they may elect a different tax year only if such tax year results in a deferral not longer than three months. In the case of electing partnership or S corporation, the partnership or S corporation must make certain required tax payments. An electing personal-service corporation is required to meet minimum distribution requirements in the deferral period. Usually, sole proprietors use the calendar year.

One of the most important items to consider in choosing a year-end, however, is your business season (or natural business year). You may want to end the year during your slow season to make the year-end closing period easier.

This chapter discusses some of the more important options minimizing current and future income tax liabilities.

CASH CONSERVATION THROUGH TAX PLANNING

Deferring income taxes to be paid in the future can have a significant impact on the capital needs of a growing business. Deferring taxes is essentially an "interest-free" loan from the government, freeing up cash that would otherwise have to be borrowed to finance inventories or capital expansion.

A profitable business is not the only entity that can benefit from tax planning. In start-up ventures conducted in a "flow-through" entity form (proprietorship, S corporation or partnership), good tax planning can minimize the losses currently deductible by entrepreneurs/partners/shareholders, enabling them to increase the amount of their capital available to the business. Furthermore, as seen in the following discussions, much of the groundwork for good future tax planning is established in a venture's first year.

ACCOUNTING METHODS

Cash Method. The most common overall methods used to compute income are the cash receipts-and-disbursement method and the accrual method. In most cases, a company will elect a method of accounting in its tax return that provides immediate tax benefits. The Cash method, which recognizes income and expense based on when cash is received and disbursed, provides the most flexible means of differing taxable income into future tax years.

Crunching the Numbers

Use of the cash method is restricted, however. Corporations with average annual gross receipts, during the specified base period, of more than \$5 million must use the accrual or another IRS-approved method of tax accounting. Partnerships (if they have no regular corporations as partners) and S corporations that are not tax shelters may continue to use the cash method regardless of their gross receipts. The cash method generally cannot be used if inventories are a significant portion of a company's business.

Accrual Method. The accrual method, which recognizes income and expenses based on when income is earned or an obligation to pay a debt is incurred, generally provides better matching of revenue and expenditures. This method is typically required for financial reporting purposes. For tax purposes, the taxpayer must compute taxable income under the method of accounting regularly used to compute income in keeping books (regardless of the method used for financial reporting) unless the method used does not clearly reflect income.

Once a method of accounting is adopted it can be changed only with IRS permission. Permission is usually granted in the case of switching from the cash method to the accrual method; it is routinely denied in switching from the accrual to the cash method.

Cash and accrual methods are overall accounting methods of the business. In addition to an overall method, more specialized accounting methods are necessary for most businesses. A brief overview of these methods follows. Your tax advisor or accountant should be consulted for further details.

INVENTORY METHODS

In the first year in which the business has inventory, it must choose an appropriate method to account for that inventory. Methods commonly used are average cost; first-in, first-out (FIFO); and last-in, first-out (LIFO) methods.

Average Cost. This method prices inventory on the basis of the average cost of all similar goods available during the period. It is mainly used because it is simple and relatively easy to use.

FIFO. This method assumes that inventory is used in the order that it is purchased or produced. Under this method, ending inventory is stated at approximate current costs, with the oldest cost charged against current sales.

In periods of inflation, this can cause "paper profits" to be recognized and taxed. It also results in the highest reported earnings. The FIFO method is probably the most commonly used inventory control.

LIFO. This method became popular in prior years due to significant inflation. The LIFO (Last In First Out) method assumed that the most recently purchased or produced goods are used first – the opposite assumption from FIFO. Although generally this is a more difficult method to use, a simplified LIFO method of accounting of inventories is available to small business. A taxpayer can use the simplified LIFO method if average annual gross receipts for the three preceding tax years do not exceed \$5 million.

In periods of inflation, LIFO results in lower inventory valuations, higher cost of sales and lower taxable income. This method is most commonly used by companies facing rising production and material costs. The LIFO inventory method is adopted by filing Form 970 with the income tax return for the tax year in which the method is first used.

Overhead Costs. A mechanism must be established to capture overhead costs and relate them to an inventory's direct material and labor costs. Manufacturers typically allocate the "poll" of indirect costs to inventory on the basis of a standard unit, such as labor dollars or hours. Once a method has been established, it cannot be changed without IRS permission. As a result, many of the planning techniques for inventory overhead costs need to be addressed when the business is starting.

RESEARCH AND DEVELOPMENT EXPENDITURES

Current Expense v. Amortization – Research and Development (R&D) expenses are those expenses incurred in developing new products, processes, etc., and expenses incurred in significantly improving existing products. There are two tax methods available for deducting R&D expenses – deduct currently and amortize over 60 months.

In most cases, currently deducting provides the best answer. Once an election has been made to defer R&D expenses, that method must be continued unless IRS permission to change is received.

LONG-TERM CONTRACT METHODS

Taxpayers involved in the construction of property that spans a tax year-end, or in the manufacture of "unique" items not normally carried in inventory, have several specialized accounting methods available to them. The adoption of these methods allows for tax deferral potential.

Percentage-of-Completion Method (PCM).

A common method of accounting for long-term contracts is the percentage-of-completion method, which is typically used for financial reporting purposes. PCM recognizes income on the basis of percentage of the job that is complete based on cost incurred. This method "smooths out" revenue earned over a number of periods and results in little, if any, deferral of income for tax purposes.

Percentage-of-Completion/Capitalized-Cost Method. As instituted by the Tax Reform Act of 1986, and subsequently modified by the Revenue Act of 1987, this method replaces the completed-contract method of accounting. The new method requires the taxpayers to use PCM for 70% of the contract. The balance of the contract is reported according to the taxpayer's regular method of accounting (e.g., completed contract).

TAX DEDUCTIONS OF PROPERTY

A limited number of taxpayers are permitted to expense currently up to \$10,000 of asset additions in a given year. The deduction is phased out, dollar for dollar, for any taxpayer with more than \$20,000 of additions a year.

ORGANIZATIONAL EXPENSES

A corporation may elect to amortize organizational expenditures over a period of not less than 60 months, beginning with the month in which the company begins business. Organizational expenditures are defined as those incidental to the creation of the corporation, e.g., incorporation fees, legal fees, and franchise fees. The election to amortize these expenditures must be made in the company's first tax year by inclusion of statement; otherwise, the amount is deductible only in the year of dissolution. A similar election is available for partnerships, but no such election is available for sole proprietorships.

START-UP EXPENSES

Start-up costs are defined as costs incurred after the decision to acquire or establish a particular business but before its actual operation. These expenses are generally those that would be deducted currently if they have been incurred after the commencement of the company's operation. Start-up expenses do not include interest, taxes and research, and experimental expenses.

In general, taxpayers are allowed to treat start-up costs as deferred expenses amortized over 60 months. An election to amortize must be attached to the initial return.

MODIFIED ACCELERATED COST RECOVERY SYSTEM

Under the Modified Accelerated Cost Recovery System (MACRS) of tax depreciation, specified "cost recovery" allowances are provided for different property classes. The Tax Reform Act of 1986 created eight primary classes of property ranging from 3 to 3 1/2 year lives. For each class of property, published tables specify the percentage of the purchase price deductible as depreciation in any year.

Even though tables exist to mechanically compute annual depreciation deductions, there is still a great deal of flexibility in planning the timing and amount of depreciation deductions. For example, the straight line method (rather than the accelerated method built into the tables) can be used, if desired, over other specified extended lives. This may also be important when the business is operating in a state where net operating loss carry-overs are not allowed. It is not necessary to conform the method of depreciation used for financial reporting purposes to the MACRS system. ○

Taxes,

Taxes,





Taxes

Once you start your business, you will have to start paying taxes to both the federal government and the Commonwealth of Massachusetts. The specific taxes you are required to pay depend on your type of business. The information in this section will help you navigate the sometimes confusing process of determining which taxes you must pay and what your filing requirements are.

FEDERAL IDENTIFICATION NUMBER

If your business is a partnership or corporation (with or without employees), or a sole proprietorship with employees, the first thing you must do is obtain a federal identification number for federal and Massachusetts tax purposes.

To obtain a federal identification number, you must file Form SS-4, Application for Employer Identification Number, with the Internal Revenue Service. This form can be downloaded from the IRS Web site, www.irs.gov, or you can have a Form SS-4 sent to you by calling the IRS at (800) 829-1040. Businesses based in Massachusetts, Connecticut, Maine, New Hampshire, Rhode Island, Vermont, and parts of New York, may fax a completed SS-4 to the IRS at (978) 474-9774, or obtain a federal identification number over the phone by calling (978) 474-9717.

Note: Sole proprietorships without employees (other than the owner), and which are not required to file excise, alcohol, tobacco, firearms do not need to obtain a federal employer identification number. They can use their Social Security number for business tax purposes.

STATE TRUSTEE TAXES

Trustee taxes are taxes that are collected and remitted by a business on behalf of the individuals who actually pay the taxes. In essence, the organization collecting and remitting the tax is serving as a trustee or agent. Sales, meals, withholding, and room occupancy taxes are state trustee taxes. There are also certain excise taxes you may be required to pay. You are required to register with the Massachusetts Department of Revenue for one or more of these taxes if you:

Taxes, Taxes, Taxes

- Have people working for you in Massachusetts;
- Withhold from a pension or annuity plan or from retirement distributions;
- Sell or rent taxable items in Massachusetts;
- Sell taxable telecommunications services in Massachusetts;
- Serve meals and/or beverages in Massachusetts;
- Provide lodgings in Massachusetts subject to the room occupancy excise;
- Make regular or frequent out-of-state purchases on which a use tax must be paid;
- Seek exemption from the Massachusetts sales and use tax as a charitable, nonprofit or governmental organization;
- Are licensed by any city or town in Massachusetts to sell alcoholic beverages and are organized under Chapter 180 of Massachusetts General Laws;
- Collect any of the convention center financing surcharges; or
- Sell, acquire or import cigars and/or smoking tobacco or hold cigars or smoking tobacco for sale or consumption in Massachusetts.

For additional details on trustee tax filing requirements and assistance in determining which taxes apply to your business, please visit the Department of Revenue's Web site, the Bay State Business Connection (www.baystatebiz.com), or contact DOR at (617) 887-6367 or toll-free in Massachusetts (800) 392-6089. Please note: You can register for all applicable state trustee taxes online at the Bay State Business Connection or obtain the registration form (Form TA-1) by calling DOR (617) 887-6367 or (800) 392-6089 www.state.ma.us/dor

STATE AND FEDERAL BUSINESS INCOME TAX RETURNS

Businesss and/or their owners are required to pay tax on business income. The type of tax they pay and the forms they file depend on how the business is organized. The tables below summarize your federal and state filing requirements. For additional detail, please consult the resources listed at the end of this guide.

SOLE PROPRIETORS

	State Form to File	Federal Form to File
Quarterly estimated payments Due April 15, June 15, September 15, and January 15 of the following year.	Form 1-ES If you expect to owe more than \$200 in state tax	Form 1040 ES If you expect to owe more than \$1,000 in federal tax
Annual personal income tax return Due 15th day of fourth month following taxable year, calendar or fiscal. If you file on a calendar-year basis, your return is due April 15.	Form 1 or Form 1 NR/PY	Form 1040
Profit and loss from business or profession Due with annual state and federal personal income tax returns.	Massachusetts Schedule C plus a copy of federal Schedule C or F	Schedule C (Or Schedule F for farm income)
Depreciation (if applicable) Due with annual state and federal personal income tax returns	Copy of federal Form 4562	Form 4562
Self employment tax Due with annual federal personal income tax return.	N/A	Schedule SE

PARTNERSHIPS

	State Form to File	Federal Form to File
Return is due annually, by 15th day of the fourth month after the close of the partnership's taxable year, calendar or fiscal. Partnership must also issue Schedules 3K-1 to individual partners, and send copies of Schedules 3K-1 to the Department of Revenue. Partnerships have the option of sending these copies to the Department of Revenue on diskette. Diskette specifications are available at DOR's Web site.	Form 3 & Schedules 3K-1 Form 1040 ES	Form 1065 or 1065B & Schedules K-1

The following table shows which return each type of individual partner should use to report Schedule 3K-1 income:

Type of Partner	Form to File
Full-year resident individual	Form 1
Nonresident/part-year resident individual	Form 1-NR/PY
Trust or estate	Form 2
Domestic corporation	Form 355A
Foreign corporation	Form 355B
Domestic corporation (part of a MA Combined group)	Form 355C-A
Foreign corporation (part of a MA Combined group)	Form 355C-B
Corporate trust	Form 3F
Domestic S corporation	Form 355S-A
Foreign S corporation	Form 355S-B

CORPORATIONS

Type of Massachusetts corporation	State Form to File	Federal Form to File
Small domestic corporation	Form 355 SBC (small business corporation)	Form 1120
Domestic corporation	Form 355A	Form 1120
Foreign corporation	Form 355B	Form 1120
Domestic corporation (part of a MA Combined group)	Form 355C-A	Form 1120
Foreign corporation (part of a MA Combined group)	Form 355C-B	Form 1120
Quarterly estimated payments (see schedule above)		
Annual tax liability under \$250,000 (state)	Form 355-ES	Form 8109 Or EFTPS (consult IRS)

S CORPORATIONS

Type of S Corporation	State Form to File	Federal Form to File
Domestic S corporation	Form 355S-A	Form 1120-S
Domestic corporation	Form 355A	Form 1120
Foreign S corporation	Form 355S-B	Form 1120-S
Corporate trust	Form 3F	Form 1120 or 1120A, or other form (consult IRS)

The following table shows which return each type of shareholder should file:

Type of shareholder	Form to File
Full-year resident individual	Form 1
Nonresident/part-year resident individual	Form 1-NR/PY
Trust or estate	Form 2
Domestic corporation	Form 355A
Foreign corporation	Form 355B
Domestic corporation (part of a MA Combined group)	Form 355C-A
Foreign corporation (part of a MA Combined group)	Form 355C-B
Corporate trust	Form 3F
Domestic S corporation	Form 355S-A
Foreign S corporation	Form 355S-B

UNEMPLOYMENT INSURANCE

In general, if you have employees working one or more days in each of thirteen (13) weeks (need not be consecutive) during a calendar year, or if you pay wages of \$1,500 or more in any calendar quarter, you are liable for contributions under the Massachusetts Employment and Training Law. A new business must notify the Massachusetts Division of Employment and Training (DET) immediately by filing an Employer Status Report (form 1110), enabling DET to establish an employer account and assign you a DET identification number.

Employers pay two separate contributions to fund unemployment insurance. The federal contribution is paid to the IRS under the Federal Unemployment Tax Act (FUTA). The state contributions paid to DET are deposited into the

Massachusetts Unemployment Compensation Fund, and are used solely to pay benefits to eligible workers filing claims against Massachusetts firms.

Your state contribution is "experience rated." How much you pay depends on a variety of factors, including the size of your payroll, the number of employees, and amount of unemployment insurance benefits charged against your account, and the amount of reserves in your account and in the Massachusetts Unemployment Compensation Fund.

For more information please contact the Massachusetts Division of Employment and Training (DET) at (617) 626-5075, or visit their web site at www.detma.org.

FEDERAL UNEMPLOYMENT INSURANCE TAX (FUTA)

The Federal Unemployment Insurance Tax (FUTA) is currently 6.2% of wages paid during the year. The tax applies to the first \$7,000 the employer pays each employee as wages during the calendar year. Generally, you can take a credit against your FUTA tax for amounts you paid into the state unemployment funds. This credit cannot be more than 5.4% of taxable wages. The employer is responsible for FUTA tax. The employer cannot deduct it from the employee's wages. Taxes are determined by federal Form 940. For questions on FUTA you can contact the IRS at (800) 829-1040.

WORKERS' COMPENSATION LAW

The Department of Industrial Accidents (DIA) is responsible for overseeing the Workers' Compensation system in Massachusetts. The Department can help you if you are an employer in Massachusetts, an injured worker, an insurer, or an attorney. The Employers' Guide to Workers' Compensation has been compiled by the Public Information Office to assist employers to better understand the Massachusetts Workers' Compensation System. Included in this guide are sections on: who must be covered; what injuries must be reported; the reporting/claim process; reducing your insurance rate, and other questions and answers. To receive your copy, please contact The Public Information Office, Department of Industrial Accidents, (800) 323-3249, ext. 470 or visit their web site at www.state.ma.us/dia.

PAYROLL TAXES

The IRS, Social Security Administration and most states require employers to make appropriate withholdings from employee wages. They also require that withholding be deposited and a proper accounting made of such amounts withheld. Failure to make necessary tax payments in time can subject you to penalties and interest as well as potential liens against your property. Employers are required to

withhold from their employee's payroll the following items:

- Federal income tax.
- State income tax. (This is a state "trustee tax"; see State Trustee Taxes section above.)
- The employee's share of social security and Medicare taxes (FICA).

Additionally, employers are liable for the following taxes, which are related to or based upon payroll:

- Federal unemployment tax (FUTA). (See Unemployment Insurance section above.)
- State unemployment insurance. (See Unemployment Insurance section above.)
- The employer's share of social security and Medicare taxes (FICA).

New requirements exist for filing certain information returns on magnetic media to the IRS depending upon the type of form and number of forms to be filed. Substantial penalties exist for failure to file on magnetic media if such reporting is required.

NEW HIRE REPORTING LAW

All employers, regardless of size or type of business, are required by law to report all newly hired employees, employees returning to work after 30 days, and independent contractors who will be earning \$600 or more to the Massachusetts Department of Revenue (DOR) within 14 days of hire. This information is then compared to DORs database of individuals who are required to pay child support. When there is a match, DOR notifies the employer to withhold child support and remit the funds to DOR for distribution to families entitled to support. The information is also used to combat fraud in programs run by various state and federal agencies. Visit the New Hire web site at www.baystatebiz.com and click on "Online Employer Reporting System" to learn more. ○

FOR FURTHER INFORMATION:

Department of Revenue Main website: massdor.com Special website for businesses: baystatebiz.com	
Customer Service Bureau Hurley Building 19 Staniford Street Boston, MA 02114	(617) 887-6367 or (800) 392-6089 (in MA)
Small Business Workshops Call us, or visit baystatebiz.com	(617) 887-6400

Visit baystatebiz.com to sign up for the Department of Revenue's Small Business Workshops, and to find information, forms and guides not just on tax and employer obligations, but also regulations, economic development resources, and much more. Or, call or visit the Department of Revenue's Customer Service Bureau. They will answer your questions about Massachusetts taxes, help you determine your filing requirements, and help you obtain the appropriate tax forms. Visit massdor.com for additional DOR office locations.

Lawyers, **Accountants,** **and Insurance**



Starting a business is a complicated process. Many of the steps involved may require the assistance of a trained professional. The Massachusetts Office of Business Development (MOBD) recommends that you contact both an accountant and an attorney before starting your business.

YOUR ATTORNEY

Laws and legal requirements center into most aspects of business and can vary greatly from state to state. An attorney should be consulted to help you meet many of the legal requirements facing you and your business, including:

- Your choice of business type.
- Employee relations.
- Partnership agreements.
- Obtaining licenses.
- Reviewing and negotiating contracts.
- Reviewing various laws and regulations.
- Antitrust, product liability, and environmental concerns.
- Protection of your idea or product.

YOUR ACCOUNTANT

Your accountant should be a practical business advisor who can set up a total financial-control system for your business and render sound business advice. At the outset, your accountant should work with you to establish accounting and reporting systems, cash projections, financing strategies and tax planning. In addition, as the company matures, the following services can be provided:

- Strategic planning.
- Cash-management advice.
- Merger, acquisition and appraisal assistance.
- Compensation strategies.
- Cost-reduction planning.
- Management information systems.

INSURANCE

Most businesses require insurance in one form or another. Some forms, such as worker's compensation, may be required by law. Others, such as liability insurance, may not be required by law but should be purchased by most businesses.

The entrepreneur should shop around to find the insurer who offers the best combination of coverage, service and price. Trade associations often offer special rates and policies to their members.

Below is a list of insurance coverages you should consider:

- **Worker's Compensation** – (Mandatory)
- **Automobile Insurance** – (Mandatory)
- **Liability Insurance** – Protecting the business from claims of bodily injury, property damage, and malpractice.
- **Fire Insurance**
- **Business Interruption Insurance** – Compensating the business for revenue lost during a temporary halt of business caused by fire, theft, or illness.
- **Crime Coverage** – Reimbursing the employer for robbery, burglary, and vandalism losses.
- **Group Life Insurance** – (for employer and employees)
- **Disability Insurance** – (for employer and employees)
- **Key-Person Insurance** – Compensating business for the death or disability of a key partner or manager.
- **Fidelity Bonds** – Insuring the employer from employee theft.
- **Product Liability Insurance** ○

Access



to Financing



You do not need a business plan or outside consultants to know that every business needs money to operate. However, the amount needed and the time period for which the funds are required may vary for many reasons. Plan ahead and do not let your financial requirements surprise you. Arranging financing takes time, and rushing decisions can be costly.

WHAT DO YOU NEED TO KNOW?

Before you set out to secure financing for your business you must develop a financing proposal. This proposal will represent your business to potential investors. The following is a list of information that should be included in a financing proposal:

- 1. Information about your proposed market —**
Who your customer will be; why they will buy from you; how you are going to attract them.
- 2. Information about the operation —**
Location, hours, staffing.
- 3. Information about yourself —**
What qualifies you to run the business? (a resume should help); What is your personal financial situation?

Access to Financing

4. **A list of start-up costs** — (it will help if you have quotes from vendors or suppliers for major equipment).
5. **Reasons why you need financing** — How are you going to use the money; for how long; how will the funds be repaid; will you use your debt or equity.
6. **A beginning "Balance Sheet"** — Showing what you will own (assets); what you will owe (liabilities); and what is the balance (net worth) of the first day of business assuming that financing is approved.
7. **A "Pro Forma Cash-Flow Statement"** — Showing how much cash you expect to flow into the business and how much cash you expect to flow out of the business, and for what reasons, for each of the next 12 months. Some financiers may ask for a projection of two years.
8. **A "Pro Forma Income Statement"** — Showing how much profit you expect to make at the end of the year. (This is calculated by subtracting all the expenses from sales.) Again, you may be asked for a two year projection.
9. **If you are buying a business**, you will need the income statement of the business for the last few years, information on why it is being sold, and why you will be able to make it profitable.
10. **Information on your business plan 12 and 24 months from now.**

A good financial proposal takes time, research, and thoughtful consideration. You probably want to consult an accountant to check over your figures before you submit the proposal. The proposal will be judged according to the soundness of the business idea, whether the projections are realistic, and whether it is in line with the investment philosophy of the banker or organization. A judgement is also made on whether the reader is confident in your ability as an entrepreneur.

PROJECTING YOUR CASH NEEDS

Cash flow projections help estimate when, how much and for how long financing is needed. You want to borrow only the amount required and for a reasonable period. The goal is to keep interest expense as low as possible. For example, you do not want to finance short-term needs with long-term debt.

Using the projections, you can also determine when and how to repay your loans or, where an equity investment is used, estimate the amount and timing of dividend payments to investors. Additionally, your projections can help identify when idle funds could be temporarily invested.

SOURCES OF CAPITAL AND FINANCING

Internal. Funds can be obtained by accelerating collection of accounts receivable, controlling expenses, leasing instead of purchasing equipment, disposing of an unprofitable product line and properly planning for federal and state taxes.

External. Financing may be obtained through debt or equity financing. Each potential source has certain criteria for providing financing. Your ability to obtain financing depends on a number of factors, including: your management team, collateral, cash flow, earnings capacity and the marketability of the product.

Family, Friends, and Personal Savings. In the earliest stages of development, traditional or venture capital financing is frequently not available to a new business. During this period, financing assistance from family, friends, and personal savings is often necessary to bridge the gap until you are in a position to draw on other sources of capital. Later, when you need to seek funds from prospective investors, they will take a favorable view of situations where you, as an entrepreneur, have committed a substantial portion of your personal wealth to the venture.

Other Sources. Other sources of debt financing that would provide a more likely avenue for a new venture would include personal loans, loans through finance institutions to riskier and newer companies that a commercial bank might not consider (usually with a high interest rate), credit unions (for small amounts,) re-mortgaging your home, loans against life insurance, pledges or selling of notes, or contracts and bills of lading

or accounts receivable (factoring), loans against inventory and credit cards. Sale-leasebacks can be a source of funds for equipment acquisitions.

Banks. While new ventures generally are considered too risky to secure capital from a traditional lending institution, some banks are increasing their commitment to new business ventures. In most cases, banks will provide significant funding only after a company moves beyond the development stage. Some banks, however, are willing to lend to small businesses to finance fixed assets, inventories and accounts receivable. Where substantial collateral is available — including personal guarantees — a bank's risk declines and its willingness to make loans rises.

Massachusetts has a program that has been designed to ease small business owner's access to bank funds. It's called the **Capital Access Program (CAP)**. \$5 million has been committed by the Commonwealth of Massachusetts to provide "cash collateral" guarantees to banks willing to make loans to smaller businesses.

Here's how it works:

- The Borrower applies to a participating bank.
- Bank and borrower negotiate all loan terms including pricing and guaranty premiums.
- Bank commits and funds loan using its own documentation.
- Bank notifies Massachusetts Business Development Corporation, who then provides the "cash collateral" guaranty to the bank.

For more information on the Capital Access Program and for a list of participating banks, please contact:

Massachusetts Business Development Corporation
50 Milk Street, 16th floor
Boston, MA 02109
(617) 350-8877
(617) 350-0052 FAX

If you are starting up a new company, you should not immediately dismiss banks as a potential lending source. Take the time to visit the banks in your area. Many banks have venture capital subsidiaries that operate in

essentially the same manner as private venture capital firms. So if you fail to get a loan through traditional bank channels, a bank's venture capital firm might agree to back your company.

Private or Exempt Public Offerings. Where the amount of an offering is small and the number of investments is limited, a small growing business may be able to raise capital without fully registering with the Securities and Exchange Commission or similar state commissions. While this is unlikely to be an attractive source of financing for a start-up venture, it may be of interest to a company in an expansion phase. The entrepreneur should review with consultants the appropriateness of this financing source, considering such factors as money costs, the time lag between initiation and actual financing, the amount of financing required and the complexities introduced by having private shareholders.

Registered Public Offerings. Full-scale registration with the SEC and the state authorities is required when the amount of financing or the number of investors involved exceeds certain limits. The SEC registration requirements for small public offerings are not as stringent, but since some state laws are more restrictive, these relaxed requirements may have little significance. As with private placements, most small ventures will not view public offerings as an attractive financing source due to the time, cost and registration requirements involved, including substantial accounting and financial statement information and the acceptance of ongoing obligations of outside shareholders. Legal and accounting consultation is, of course, imperative.

EQUITY

Partners. Equity financing can be obtained by forming a partnership or by taking in additional general or limited partners.

Incorporation. Another decision might be to incorporate and issue (or, if you are already incorporated, issue additional) common or preferred stock, convertible debt or debt with warrants attached. Your issue could be privately placed or you could go public. Venture capital could possibly be obtained, depending on the stage of your firm's life and the industry.

Access to Financing

Briefly, common stock pays dividends according to profits, whereas preferred stock generally pays only a fixed amount each year. Convertible debt is debt that can be converted into common or preferred stock. Warrants enable the holder to buy shares of stock at predetermined prices. Private placements are made to a limited number of investors, as opposed to a public offering, which is made to the general investing public. Generally, venture capital is provided by sophisticated investors willing to undertake high risk on the chance that the payoff will be very large.

FEDERAL FUNDING

The U.S. Small Business Administration (SBA) provides financing to small businesses through guaranteed loans made by private lending institutions. Contact any commercial bank for more information.

The SBA 504 Program uses local development companies to provide long-term financing for fixed assets with a useful life greater than 15 years. For further information contact the SBA at (617) 565-5590.

Small Business Innovation Research (SBIR) Grants were created as part of the federal Small Business Development Act of 1982. Coordinated by the SBA, the SBIR program is designed to fund research and develop efforts which will result in bringing new products and services to the marketplace. An SBIR grant provides "idea" money for would-be entrepreneurs to use as seed capital in business start-up and for innovative science and technology-based companies to use in bringing new ventures to commercialization. By leveraging this government-funded "risk" research with private-sector financing, the SBIR program not only converts new innovations into useful products and services but also creates new business and jobs in the process. The goal of the Act is to stimulate technical innovation and encourage small scientific and high-technology companies to participate in government-funded research. The Act also provides funds for converting the results of research into commercial applications.

ARE YOU ELIGIBLE?

In order to qualify for SBIR grants, companies must conform to the federal government's

definition of a small business at the time of the award. According to the program's criteria, a small business must be:

- A U.S. corporation.
- Independently owned and operated with 500 or fewer employees.
- A for-profit publicly or privately held corporation, sole proprietorship, or partnership.
- The primary source of employment for the principal investigator during the grant period.

These rules do not require that the business be established at the time a research proposal is submitted. The applicant can be employed by another company and start a new business upon receiving an SBIR grant. Also, two or more companies can enter into a joint venture, provided they qualify under the above criteria.

PARTICIPATING AGENCIES

Under the Act, all federal agencies with research and development budgets in excess of \$100 million are required to award a portion of those funds to small business through an SBIR grant program. Eleven federal agencies are now required to set aside portions of their R&D budgets under the program. They are:

- National Association of State Development Agencies
- National Science Foundation
- Nuclear Regulatory Commission
- Environmental Protection Agency
- U.S. Department of Transportation
- U.S. Department of Health and Human Services
- U.S. Department of Defense
- U.S. Department of Education

- U.S. Department of Energy
- U.S. Department of Agriculture
- U.S. Department of Commerce

The Research and Development Limited Partnership. This creation of the federal income tax laws has been used by both new companies and established businesses to finance research and development costs related to specific products. Because of tax law changes, R&D limited partnerships have gone through a transformation during the past few years. They used to be private placements with significant leverage. Now they are public funds without leverage and a broad portfolio of projects that are more similar to venture capital funds than anything else.

In this type of partnership, limited partners invest a specific sum that is managed by one or more general partners. The partnership then contracts with the entrepreneur to conduct research and development in exchange for certain ownership rights in the results of the R&D work. The entrepreneur retains a right to buy back the end product of this work.

Because R&D expenditures are currently deductible, the partners share in deductions in amounts equaling up to 80 or 90 percent of their investment in the year the R&D expenditures are incurred. However, as with other tax-favored investments, the "passive loss limits" and other provisions of the Tax Reform Act of 1986 may serve to limit or eliminate the deductibility of losses flowing from an R&D partnership and thus reduce the after-tax rate of return on the investment. If the R&D work proves successful, the entrepreneur will exercise the right to buy back the technology, generally in exchange for a percentage royalty payment based on future sales.

Even after tax reform, the R&D partnership continues to be a viable financing source for project-oriented research in the right situations. There are risks, however, caused in part by the complex structure involved and by the fact that tax law in this area is still developing. Accordingly, consideration of an R&D limited partnership will necessarily require

the careful and continuing involvement of an attorney and accountant.

Further, the majority of R&D limited partnerships meet the definition of a tax shelter and may be required to be registered with the IRS as such.

VENTURE CAPITALISTS

Venture capital firms are generally privately owned. In most cases, they seek to generate a high rate of return by investing in rapidly growing businesses in all stages of development.

Venture capital firms may be formed as general or limited partnerships composed primarily of institutional investors or wealthy individuals, Small Business Investment Corporations licensed by the federal government, subsidiaries or divisions of major corporations or lending institutions.

Most venture capital firms will seek investment where they expect to make a high rate of return — often 10:1 or higher — in order to maintain an annual rate of portfolio return of at least 30%. Since most new ventures fail, these high rates of return are required to offset the risk the venture capitalist assumes. ○

Massachusetts Small Business Development C

ent nters

The Massachusetts Small Business Development Centers (MSBDC) provide free one-to-one management and technical assistance counseling and educational programs for prospective and existing small businesses throughout the Commonwealth.

MSBDC was created in 1980 to pool the resources of federal, state, and local government, academic institutions and the private sector in order to provide small businesses with high-quality management assistance and educational programs. MSBDC is a partnership of the United States Small Business Administration, the Massachusetts Department of Economic Development and a consortium of institutions of higher education led by the School of Management at the University of Massachusetts/Amherst and including Boston College, Clark University, Salem State College, University of Massachusetts/Boston and University of Massachusetts/Dartmouth.

MSBDC's regional and specialty center network is designed to effectively service small businesses throughout the state. There is an MSBDC regional, specialty, or satellite office within 30 minutes of wherever you are in Massachusetts.

Types of Assistance

1. **Management Assistant Services** — A full-time staff of counselors, supported by the resources of their host academic institutions, provide counseling services to small businesses. Feasibility analysis, business plan development, cash flow analysis, personnel management, financial plan development, and market analysis are among the wide array of services provided.
2. **Training** — MSBDC conducts seminars, workshops, courses, and conferences addressing a wide range of business issues. Many of these programs are co-sponsored with local chambers of commerce, colleges and universities, community development organizations, and trade associations.
3. **International Trade Program** — MSBDC provides counseling services, market research, trade leads, and workshops and seminars on various international trade issues such as the basics of exporting, ISO 9000, advanced letter of credit, and country-specific programs. The program is currently linked with the Rhode Island Export Assistance Center's International Trade Data Network and obtains daily trade leads from the U.S. Department of Commerce's International Trade Databank.

4. **Capital Formation Service (CFS)** — The Capital Formation Service provides free assistance to companies seeking unconventional sources of financing, such as state or federal financing programs, quasi-public financing programs, venture capital, and private investment. CFS consults with companies on meeting the requirements of these forms of financing and helps them to compile the necessary documentation.
5. **Minority Business Assistance Center (MBAC)** — The Minority Business Assistance Center provides services on a targeted basis to the minority community of Greater Boston. MBAC is sponsored by UMASS/Boston.
6. **Procurement Technical Assistance Center** — Client firms will subscribe to a free bid-matching service informing them daily of federal, state, and municipal bidding opportunities matching their specific product and service profiles. After identifying a specific bid, participating clients may draw on a wealth of technical assistance in preparing their proposals. If they are successful, the PTAC provides assistance in post-award contract administration. The PTAC is a portal to R&D funds through the SBIR program, and provides assistance in acquiring state-of-the-art business tools, such as ISO 9001, 2, 3 compliance and registration.
7. **Economic Development** — MSBDC assists local groups and communities in developing programs for small business creation, expansion, and retention.

ELIGIBILITY

MSBDC is required to serve only those businesses that meet the size standards defined by the U.S. Small Business Administration. These classifications have been set individually for different industries. In addition, a business must be independently owned and operated, have its principal place of business located in Massachusetts, cannot be dominant in its field of operations, and must not be a corporation that is a member of an affiliated group. Interested parties should call their nearest regional office for clarification.

MSBDC NETWORK

State Office
University of Massachusetts
205 Isenberg School of Management
Amherst, MA 01003-4935
(413) 545-6301
Director: Georgianna Parkin

Central Massachusetts Regional Office
Clark University
950 Main Street
Warcester, MA 01610
(508) 793-7615

Metro Boston Regional Office
Boston College
142 Beacon Street
Chestnut Hill, MA 02167
(617) 552-4091

Northeastern Massachusetts Regional Office
Salem State College
352 Lafayette Street
Salem, MA 01970
(978) 542-6343

Southeastern Massachusetts Regional Office
University of Massachusetts at Dartmouth
200 Pocasset Street, P.O. Box 2785
Fall River, MA 02722-2785
(508) 673-9783

Western Massachusetts Regional Office
University of Massachusetts Amherst
101 State Street, Suite 424
Springfield, MA 01103
(413) 737-6712

SPECIALTY CENTERS

International Trade Program
Massachusetts Export Center
Headquarters Office
Boston Fish Pier
Building 2 West, Suite 305
Boston, MA 02210
(617) 478-4133

Central Mass Program
Worcester (508) 792-7506
Western Mass Program
West Springfield (413) 787-9193
Partners for Trade Seminars
Amherst (413) 545-6309

Minority Business Assistance Center
University of Massachusetts Boston
College of Management, 5th Floor
Boston, MA 02125-3393
(617) 287-7750

Procurement Technical Assistance Center
University of Massachusetts
205 Isenberg School of Management
Amherst, MA 01003-4935
(413) 545-6303 ○

Need **More** information?



STATE GOVERNMENT

**Massachusetts Office of
Business Development
State Transportation Building
10 Park Plaza, Suite 3720
Boston, MA 02116
(617) 973-8600
(800) 5-CAPITAL**

The fundamental purpose of this office is to help businesses create and maintain jobs. To achieve these goals, there are several specific functions:

Customized assistance includes facilitating regulatory processes, financial assistance, training and recruitment programs, expert assistance and tax analysis and comparison information.

MOBD also provides general information on starting a business and doing business in Massachusetts, and serves as a general resource directory.

**State Office of Minority and
Women Business Assistance
State Transportation Building
10 Park Plaza, Suite 3740
Boston, MA 02116
(617) 973-8692**

SOMWBA provides special assistance to women- and minority-owned businesses through various programs, including: workshops, conferences, certification, procurement, marketing and advocacy. Call (617) 973-8692 for more information.

Fair Labor and Business Practices Division

For Massachusetts wage and hour laws, health and industrial safety requirements, child labor laws, and prevailing wages. Call (617) 727-3476.

Department of Revenue (DOR)

Customer Service Bureau

The DOR Customer Service Bureau answers questions on Massachusetts income tax including refunds, withholding, and estimated income tax notices. The bureau also provides assistance relative to sales and use taxes, the sales tax on meals, the room occupancy tax, and the corporate excise tax. It issues sales tax vendor numbers to businesses authorizing them to collect the state sales tax. They also provide information and proper applications to new businesses for the withholding of employees' income taxes.

**Division of Employment & Training
Customer Service Line
Charles F. Hurley Building
19 Staniford Street
Boston, MA 02114
(617) 626-6400**

**Division of Insurance
Consumer Service Section
470 Atlantic Avenue
Boston, MA 02210-2223**

For information or complaints about automobile, fire, and other insurance rates and claims, call (617) 521-7794.

**Division of Registration
239 Causeway Street
Boston, MA 02114**

For state permits and licenses, call (617) 727-3074.

Department of Industrial Accidents
600 Washington Street, 7th Floor
Boston, MA 02111

For information about worker's compensation insurance, call (617) 727-4900 or 1-800-323-3249.

State House Bookstore
State House, Room 116
Boston, MA 02133

For state publications including The Citizens' Guide to State Services, call (617) 727-2834.

FEDERAL GOVERNMENT

Small Business Administration
10 Causeway Street
2nd Floor, Room 265
Boston, MA 02222-1093

For the "Pre-Business Workshop" and direct consultation, call the **Management Division** at (617) 565-5590.

For loan guaranty program and SBA sponsored equity financing, call the **Finance Division** at (617) 565-5577.

For assistance in selling to the federal government, call **Procurement and Technical Assistance** at (617) 565-5622.

For free-of-charge counseling assistance to small business owners call **SCORE** (Service Corps of Retired Executives) at (617) 565-5591.

U.S. Department of Labor
J.F.K. Federal Building
Boston, MA 02203

For information on wage and hour laws, call (617) 565-2095.

For health and safety requirements, call OSHA at (617) 565-9860.

Internal Revenue Service
J.F.K. Federal Building
Boston, MA 02203

For answers to federal tax questions, call (800) 829-1040.

Tax forms and Distribution Center,
(800) 829-3676.

U.S. Department of Commerce
World Trade Center
Room 307
Boston, MA 02210

For export assistance, call the **International Trade Administration** at (617) 424-5990.

For demographic and economic surveys, call the **Census Bureau** at (617) 424-0510.

U.S. Government Bookstore
O'Neill Federal Building
10 Causeway Street, Room 169
Boston, MA 02222

For Federal publications, call (617) 720-4180.

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